

**REPORT OF THE AUDIT OF THE  
MENIFEE COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2013**



**ADAM H. EDELEN  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE MENIFEE COUNTY SHERIFF**

**For The Year Ended  
December 31, 2013**

The Auditor of Public Accounts has completed the Menifee County Sheriff's audit for the year ended December 31, 2013. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$5,450 from the prior year, resulting in excess fees of \$10,325 as of December 31, 2013. Revenues decreased by \$20,350 from the prior year and expenditures decreased by \$14,900.

#### **Debt Obligations:**

Total debt principal as of December 31, 2013, was \$22,844. Future collections of \$24,357 are needed over the next year to pay all debt principal and interest.

#### **Report Comments:**

- 2013-01 The Sheriff's Quarterly Reports Did Not Agree With Receipts And Disbursements Ledgers
- 2013-02 The Sheriff Has Disallowed Expenditures Of \$400 In His Fee Account
- 2013-03 The Sheriff Should Make Daily Deposits
- 2013-04 The Sheriff's Office Lacks Adequate Segregation Of Duties Over Receipts

#### **Deposits:**

The Sheriff's deposits as of December 6, 2013 were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$111,301

The Sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.



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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable James D. Trimble, Menifee County Judge/Executive  
The Honorable Rodney Coffey, Menifee County Sheriff  
Members of the Menifee County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Sheriff of Menifee County, Kentucky, for the year ended December 31, 2013, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



The Honorable James D. Trimble, Menifee County Judge/Executive  
The Honorable Rodney Coffey, Menifee County Sheriff  
Members of the Menifee County Fiscal Court

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the County Sheriff on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County Sheriff, as of December 31, 2013, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Sheriff for the year ended December 31, 2013, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2014 on our consideration of the Menifee County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Menifee County Sheriff's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance.



The Honorable James D. Trimble, Menifee County Judge/Executive  
The Honorable Rodney Coffey, Menifee County Sheriff  
Members of the Menifee County Fiscal Court

**Other Reporting Required by Government Auditing Standards (Continued)**

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2013-01 The Sheriff's Quarterly Reports Did Not Agree With Receipts And Disbursements Ledgers
- 2013-02 The Sheriff Has Disallowed Expenditures Of \$400 In His Fee Account
- 2013-03 The Sheriff Should Make Daily Deposits
- 2013-04 The Sheriff's Office Lacks Adequate Segregation Of Duties Over Receipts

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', written in a cursive style.

Adam H. Edelen  
Auditor of Public Accounts

October 29, 2014

MENIFEE COUNTY  
 RODNEY COFFEY, SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2013

Revenues

Federal Contract		\$	19,104
Unlawful Narcotics Investigations Treatment and Education (UNITE)			65,499
State Grant			11,200
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			14,792
State Fees For Services:			
Finance and Administration Cabinet	\$	61,254	
Sheriff Security Service		<u>652</u>	61,906
Circuit Court Clerk:			
Fines and Fees Collected			840
Fiscal Court			150,000
County Clerk - Delinquent Taxes			14,352
Commission On Taxes Collected			67,563
Fees Collected For Services:			
Auto Inspections		1,145	
Accident and Police Reports		646	
Serving Papers		7,290	
Carrying Concealed Deadly Weapon Permits		<u>1,860</u>	10,941
Other:			
Add-On Fees		9,167	
Board of Education		25,600	
Pathways		2,800	
Transporting Prisoners		7,770	
City of Frenchburg		6,764	
Cruiser Sale		<u>18,108</u>	70,209
Interest Earned			54

The accompanying notes are an integral part of this financial statement.

MENIFEE COUNTY  
 RODNEY COFFEY, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2013  
 (Continued)

Revenues (Continued)

Borrowed Money:

State Advancement	\$ 19,200
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Total Revenues	505,660
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Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$ 124,298
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Part-Time Salaries	53,717
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Employee Benefits-

Employer's Share Social Security	17,945
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Employer's Share Retirement	7,279
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Employer's Share Hazardous Duty Retirement	62,263
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Employer Paid Health Insurance	24,218
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Contracted Services-

Bookkeeping	2,825
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Vehicle Maintenance and Repairs	4,611
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Forestry Service	12,700
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Materials and Supplies-

Office Materials and Supplies	2,875
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Uniforms	18,099
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Auto Expense-

Gasoline	25,204
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Other Charges-

Tax Comp/Maintenance Contract & Equipment	4,507
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Conventions and Travel	6,881
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Dues	682
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Postage	46
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Phone and E-Net Services	3,344
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Vehicle Expense	9,099
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Miscellaneous	59
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Capital Outlay-

Vehicles	16,895	\$ 397,547
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The accompanying notes are an integral part of this financial statement.

MENIFEE COUNTY  
 RODNEY COFFEY, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2013  
 (Continued)

Expenditures (Continued)

Debt Service:

State Advancement	<u>\$ 19,200</u>
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Total Expenditures	<u>\$ 416,747</u>
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Less: Disallowed Expenditures

Donation	25	
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Credit Card Fees and Interest	<u>375</u>	<u>400</u>
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Total Allowable Expenditures	<u>416,347</u>
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Net Revenues	89,313
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Less: Statutory Maximum	<u>75,136</u>
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Excess Fees	14,177
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Less: Training Incentive Benefit	<u>3,852</u>
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Excess Fees Due County for 2013	<u><u>\$ 10,325</u></u>
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The accompanying notes are an integral part of this financial statement.

MENIFEE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2013

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.192 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2013 services
- Reimbursements for 2013 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2013

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

MENIFEE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2013  
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 19.55 percent for the first six months and 18.89 percent for the last six months.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 37.60 percent for the first six months and 35.70 percent for the last six months.

The employer's share of retirement contributions totaled \$49,893 in 2011, \$75,995 in 2012, and \$69,542 in 2013.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

MENIFEE COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2013  
 (Continued)

Note 2. Employee Retirement System (Continued)

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Menifee County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Menifee County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2013, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of December 6, 2013, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$111,301

MENIFEE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2013  
(Continued)

Note 4. Drug Forfeiture Account

The Menifee County Sheriff maintains a drug forfeiture account from the confiscation, surrender, or sale of real and personal property involved in drug related convictions. These funds are to be used for law enforcement activities. The account had a beginning balance of \$2,139 on January 1, 2013 and no funds were received during the year. The Sheriff expended \$1,943 from the account, leaving a cash balance of \$196 as of December 31, 2013.

Note 5. Forest Service Contract

The Menifee County Sheriff's office entered into a Cooperative Law Enforcement Agreement with the U.S. Department of Agriculture, Daniel Boone National Forest. The purpose of this agreement is to intensify patrolling activities in the Daniel Boone National Forest in an effort to reduce illegal activity on federal land. During calendar year 2013, the Sheriff received reimbursements of \$19,104 for expenditures related to this contract.

Note 6. Unlawful Narcotics Investigations Treatment and Education (UNITE) Grant

The Menifee County Sheriff participated in the UNITE grant program in 2013. This grant is a federal program established by Congress to help law enforcement combat illegal drug use through a comprehensive campaign of investigation, treatment, and education. The Sheriff received \$65,499 in payroll reimbursements from the grant for 2013.

Note 7. Vehicle Loan

The office of the Sheriff was committed to a loan with Morehead Community Federal Credit Union for vehicles in the amount of \$40,967. The agreement requires annual payments to be completed on December 28, 2014 with an interest rate of 2.759%. The total principal remaining balance of the agreement was \$22,844 as of December 31, 2013.

Note 8. State Grant

The Sheriff received a law enforcement protection program grant from the Kentucky Office of Homeland Security in the amount of \$11,200. Funds totaling \$11,200 were expended during the year. The unexpended grant balance was \$0 as of December 31, 2013.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable James D. Trimble, Menifee County Judge/Executive  
The Honorable Rodney Coffey, Menifee County Sheriff  
Members of the Menifee County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the statement of revenues, expenditures, and excess fees - regulatory basis of the Menifee County Sheriff for the year ended December 31, 2013, and the related notes to the financial statement and have issued our report thereon dated October 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Menifee County Sheriff's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Menifee County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Menifee County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying comments and recommendations, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying comments and recommendations as item 2013-04 to be a material weakness.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Menifee County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2013-01, 2013-02, and 2013-03.

### **County Sheriff's Responses to Findings**

The Menifee County Sheriff's responses to the findings identified in our audit are described in the accompanying comments and recommendations. The County Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

October 29, 2014

## COMMENTS AND RECOMMENDATIONS



MENIFEE COUNTY  
RODNEY COFFEY, SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2013

STATE LAWS AND REGULATIONS:

2013-01 The Sheriff's Quarterly Reports Did Not Agree With Receipts And Disbursements Ledgers

The Sheriff uses a bookkeeping service to maintain receipts and disbursements ledgers, prepare payroll, and reconcile the bank account. However, the receipts and disbursements ledgers maintained did not agree with the quarterly financial reports that the Sheriff submitted to the Department for Local Government (DLG). The Uniform System of Accounts, adopted under KRS 68.210, requires the Sheriff to maintain accurate receipts and disbursements ledgers. We had to make numerous adjustments to receipts and disbursements, including payroll items. Receipts should be posted consistently with the categories on the quarterly financial reports. Salaries should be posted as gross wages and should be separate from employee benefits paid by the employer, such as FICA, retirement, and health insurance. We recommend the Sheriff ensure receipts and disbursements are properly posted and agree with the quarterly reports submitted to DLG.

*Sheriff's Response: Will correct in the future.*

2013-02 The Sheriff Has Disallowed Expenditures Of \$400 In His Fee Account

During our testing of expenditures, we found \$400 that will be disallowed. The Sheriff paid \$25 as a donation and \$375 in credit card fees and interest. The Sheriff is required to expend funds on allowable expenditures as defined in the case of Funk v. Milliken, 317 S.W.2d 499 (KY 1958). In Funk v. Milliken, 317 S.W.2d 499 (KY 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented (to be for direct law enforcement purposes), reasonable in amount, beneficial to the public, and not personal expenses. When monies are spent on disallowed expenditures, the Sheriff is required to deposit personal funds in the account to cover these items. We recommend the Sheriff reimburse the 2013 Fee Account \$400 for these disallowed expenditures.

*Sheriff's Response: No response.*

2013-03 The Sheriff Should Make Daily Deposits

Deposits are not being made each day as recommended by the Uniform System of Accounts, and are usually only made once a week. KRS 68.210 gives the State Local Finance Officer the authority to establish minimum accounting procedures, which includes depositing receipts intact on a daily basis into a federally insured financial institution. We found that deposits were usually made once or twice a week. However, for three months out of the year only four or five deposits were made for the month. Deposits should be made daily to prevent the likelihood of a misstatement or fraud occurring without being detected. We recommend that deposits be made on a daily basis.

*Sheriff's Response: Will try to correct in the future.*

MENIFEE COUNTY  
RODNEY COFFEY, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2013  
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESS:

2013-04 The Sheriff's Office Lacks Adequate Segregation Of Duties Over Receipts

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The Sheriff's office lacks adequate segregation of duties over receipts. The employee who collects cash receipts also prepares the daily checkout sheet and the deposit slip. The same employee also takes the deposit to the bank. Good internal controls dictate that different individuals should perform these duties. If these duties cannot be segregated, the Sheriff should implement compensating controls. The Sheriff could review the deposit and compare it to the daily checkout sheet and receipts ledger as a compensating control. This procedure needs to be documented by the Sheriff initialing the checkout sheet, receipts ledger, and deposit slip.

*Sheriff's Response: We have a small department and more staff is not in the budget for excess employees.*

Auditor's Reply: Our recommendations would not require additional staff but would require these duties to be segregated or direct oversight by the Sheriff.



